

WB's Doing Business Ranking: Country jumps 11 places to reach 136

Pakistan jumped 11 places to reach 136th among the 190 countries on the World Bank's Doing Business Global Ranking, as the country made it easier to start a business, registering property and resolving insolvency. Pakistan is now ranked at 136th, up from 147 last year, according to the World Bank's Doing Business 2019 report titled "Doing Business 2019: Training for Reform," released Wednesday.

Pakistan carried out three business reforms during the past year to help create jobs, attract investment and make the economy more competitive, states the report. The report ranked Pakistan at fifth amongst South Asian countries, below India, Sri Lanka, Nepal and Bhutan while Bangladesh, Maldives and Afghanistan are trailing behind. India has been ranked at 77th, Sri Lanka at 100th, Bhutan 81st, Nepal at 110th, Maldives at 139th, Bangladesh at 176th, and Afghanistan is at 167th position.

On the measure of absolute progress towards best practice, Pakistan improved score to 55.31 this year from 52.78 last year. According to the report Pakistan implemented three reforms in the past year compared to four reforms in the previous year. The reforms of the past year covered the Doing Business areas of Starting a Business, Registering Property and Resolving Insolvency.

Pakistan made starting a business easier by enhancing the online one-stop registration system, replacing several forms for incorporation with a single application and establishing information exchange between the registry and the tax authority.

During the past year, starting a business was made easier by enhancing the online one-stop registration system, replacing several forms for incorporation with a single application, and establishing information exchange between the registry and the tax authority. As a result, the time to start a business was reduced from 20 days to 17 days, while the cost was reduced from 7.9 percent of the income per capita to 6.8 percent. The reform applies to both Karachi and Lahore, the two cities measured by the Doing Business report.

Pakistan (Lahore) made registering property easier by streamlining and automating administrative procedures and by increasing the transparency of its land administration system. Pakistan (Karachi) made registering property easier by increasing the transparency of the land registry. The reforms resulted in reducing the time needed to register a property by 13 days. However, at 144 days, registering property in Pakistan can be made yet easier so that the country can surpass the South Asia regional average of 114 days.

Pakistan made resolving insolvency easier by introducing the reorganization procedure and improving the continuation of the debtor's business during insolvency proceedings. As a result,

the country significantly improved its global ranking in this area to 53 from 82 last year. This change applies to both Karachi and Lahore.

Pakistan performs best in the area of Protecting Minority Investors, earning 9 out of 10 points in the extent of ownership and control index, which measures governance safeguards protecting shareholders from undue board control and entrenchment. Globally, Pakistan ranks 26 on this measure.

Pakistan's ranking for "Ease of Doing Business" in various areas remained as following: overall ranking: 136, starting a business-130, dealing with construction permits-166, getting electricity-167, registering property-161, getting credit- 112, protecting minority investors-26, paying taxes-173, trading across borders-142, enforcing contracts-156 and resolving insolvency-53.

Paying taxes, getting electricity, dealing with construction permit and enforcing contracts are the worst issues in doing business in Pakistan. Pakistan received the lowest rank, 173 on paying taxes compared to 172 previous year, 171 on trading across borders, 167 on getting electricity as it takes 161.2 days to get an electricity connection, 161 on registering property and 166 on dealing with construction permit. It takes a business in Pakistan 161 days to obtain an electricity connection, compared to the South Asia regional average of 98 days and the cost is 50 percent more than elsewhere in the region.

The report states that capitalizing on these improvements, there are more opportunities for improvement in many other Doing Business areas.

Evidence from Pakistan indicates that reforms which provided judges with training are accompanied by positive effects on judicial efficiency and, consequently, entrepreneurship. Beyond training, governments have other options to enhance the implementation of business regulatory reform. Economies in which governments effectively communicate changes to legislative processes tend to be associated with better business regulation and more reforms.

While these results cannot be interpreted as causal, they do signal to policymakers that public-private dialogue is a powerful tool for increasing the number of reforms and improving business regulatory efficiency.

"Today is a better day for the owners of small and medium-sized enterprises in Pakistan. Substantial reforms at both federal and provincial levels over the past year have contributed to this improvement," said Illango Patchamuthu, World Bank Country Director for Pakistan. "I believe it is entirely possible for the country to transform the regulatory environment and create a more competitive business environment, however, this improvement needs to be sustained and accelerated," Patchamuthu added.

Doing Business 2019 measures the processes for business incorporation, getting a building permit, obtaining an electricity connection, transferring property, getting access to credit, protecting minority investors, paying taxes, engaging in international trade, enforcing contracts and resolving insolvency.

Meanwhile, The federal government has blamed promulgation of the 18th constitutional amendment for declining ranking of Pakistan on the Ease of Doing Business index and set an ambitious target to recover the ranking by 36 point and achieve the 100th position in next one year.

In a joint press conference, Advisor to Prime Minister on Commerce, Textiles, Industries and Investment Razzak Dawood announced that coordination with provincial governments under the 18th constitutional amendments is challenging which needs to be addressed.

On Wednesday, the World Bank released its Doing Business Report 2019. Pakistan has improved its ranking by 11 points and moved from 147th to 136th out of 190 countries. The Advisor to the PM, Country Director World Bank and Chairman Board of Investment jointly held the press briefing at BOI office.

He said that lack of any investment plan of the federal government of Pakistan Peoples Party and 18th constitutional amendment made the coordination between central government and provinces challenging by delegating power to the provinces.

He said the country's ranking dropped from 85th in the year 2009 index to 147th in 2018 after the 18th constitutional amendment. "We appreciate a lot of efforts put in by previous government of Pakistan Muslim League-Nawaz for improving its ranking by 11 points that advanced from 147th to 136th in Doing Business Report 2019," he added.

He said that for strengthening the coordination with provinces it is necessary to bring improvement in the ease of doing business ranking. For this, he revealed, Prime Minister Imran Khan would discuss and sensitise four provincial chief ministers about the matter in the Council of Common Interests (CCI).

He maintained the World Bank ranking helped improve image of Pakistan and investors' confidence in country's economy. It is not directly linked with foreign direct investment, he added.

Razzak also announced, " Since the launch of Ease of Doing Business Report in 2002, it is first time that Pakistan has jumped 11 points in one year."

He further said that the Board of Investment would come up with a plan to improve the ranking in 100 days given by Prime Minister Imran Khan to the nation.

"Eleven points jump on the ranking of the World Bank Report is significant and helpful for expansion of small and medium-sized enterprises," Country Director World Bank Patchamuthu Illangovan (Illango) said.

Political momentum in shape of effective leadership at the level of prime minister and chief ministers Sindh and Punjab and former chairman Board of Investment were instrumental to improve the ranking, he added.

He also stressed on improving day-to-day coordination between the federal government and provincial governments on the subject of ease of doing business in Pakistan.

He maintained there were other six to ten reforms which need to be addressed to achieve the better ranking on the doing business index next year.

Fareena Mazhar, Executive Director General BOI, explained that in addition to introduction of reforms, other positive data corrections also contributed to the unprecedented improvement in ranking of Pakistan. She acknowledged the efforts of dedicated teams of Securities and Exchange Commission of Pakistan, Federal Board of Revenue , State Bank of Pakistan, Planning and Development department, and Punjab and Sindh Boards of Investment. She emphasised that assistance from World Bank was critical to the reform process. She also highlighted that improvement was a result of combined effort under the Prime Minister's Steering Committee on Doing Business Reforms.

Chairman Board of Investment, Haroon Sharif stressed the fact that this improvement clearly reflects the confidence of private sector on the reform drives of the government of Pakistan. He acknowledged OICCI, PBC and FPCCI for always giving a true reflection of the needs and impediments to businesses.

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